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Abstract

This Master's thesis is focused on the design of communication strategy for selected company. The objectives are to analyze the current situation of company's communication mix and its macro and micro environment, furthermore on the basis of these analyses to propose improvements for communication strategy, which will help to increase the awareness about the company and bring the new customers.

Abstrakt

Diplomová práce je zaměřena na návrh komunikační strategie pro vybraný podnik. Cílem je analyzovat současný stav komunikačního mixu podniku a jeho vnějšího a vnitřního prostředí. Dále na základě provedených analýz navrhnout nová doporučení pro zlepšení komunikační strategie, která napomůžou ke zvýšení povědomí o firmě a přivedou nové zákazníky.

Key words

Marketing, communication strategy, communication, promotion, advertising.

Klíčová slova

Marketing, komunikační strategie, komunikace, propracování, reklama.

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Statutory declaration

I declare that the submitted master's thesis is the original and has been written independently. I also declare that provided list of references is complete and copyrights are not violated (pursuant to Act.No. 121/2000 Coll., on Copyright Law and Rights Related to Copyright Act).

In Brno 2016

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Bc. Tomáš Elšík

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Introduction

Marketing is on the current market situation essential and necessary part of every business. The rapid change in the marketing environment over few past years has increased and awareness of the importance of marketing.

Businesses currently face increasing competition and only those, who determine customer desires and deliver them the most value, will succeed. Satisfying customer's needs is the crucial thing on the way to success. To retain current and attract new customers, company has to offer high quality services and products which meets customers requirements.

Company builds the awareness among current and potential customers by the right usage of communication mix, therefore the selection of suitable tools cannot be underestimated.

The Master's thesis is divided into three main parts. First part is dedicated to theoretical background of marketing, in order to understand the basic terms and concepts. In the second part are conducted analyses of external and internal environment of chosen company. Moreover, analysis of current marketing communication mix is carried out too. Final part is made of proposals for improvements in chosen company's communication mix.

1. Objectives and methods used

1.1 Objectives of the paper

The main objective of this paper is to propose the improvements in communication strategy of selected company, which will help to increase the awareness about the company, retain current customers plus enhance their loyalty and also attract new potential customers. Further, it will hopefully contribute to higher sales, business turnover and greater profit.

1.2 Additional objectives

It is necessary to set up additional objectives of the thesis, in order to successfully accomplish the main objective. These objectives will have supportive character.

- Provide the necessary theoretical background for understanding of the chosen field, followed by theoretical information about new trends in marketing communication.
- Carry out SLEPT and Porter's five forces analysis to analyze external industry of the company.
- Describe and analyze the current internal situation of company and its current communication strategy.
- Create SWOT matrix, which will help to identify the most significant strengths, opportunities and reveal the weaknesses and possible threats.

1.3 Methods used

In order to get the right information and overview of the company, situation analyses will be carried out. A situational analysis means a collection of methods that managers use to analyze company's internal and external environment. At first, I will analyze the external environment of the company using the SLEPT analysis. Environment will be examined through its Social, Legal, Economic, Political and Technology factors. Industry environment will be analyzed through Porter's five competitive forces. Then the internal analysis will be made, with a focus on current communication strategy. On the basis of these analyses the SWOT matrix will be created and company's strengths, opportunities, weaknesses and threats will be evaluated.

2. Theoretical background of Marketing

In this first part of my master's thesis I will try to summarize theoretical information from the field of marketing and marketing communication. Overview of the theoretical background will help me to better understand the nature of marketing.

2.1 Marketing

"Marketing" is in today's world often inflected expression, nevertheless its true meaning is not always understood in the right way. Marketing is not just a synonym for advertising, but it is a complex component of business culture and its management. Kotler (2007) defines it as social and managerial process by which individuals and groups meet their needs and desires in the process of production and process of exchange of products and values. Further Kotler (2007) says, that it can be also defined as a summary of economic activity, by which individuals and groups obtain what they need through the creation, offer and exchange of valuable products with others.

Marketing is therefore a comprehensive strategic approach to business with a objectives to find and utilize customer needs. It is a complex of managerial market-oriented activities in order to create values and satisfy the needs and desires of customers. Marketing can be also perceived as modern managerial approach, which is based on market analysis and marketing environment. It lays the foundation for the planning, control and management (Jurášková, 2012).

Marketing is based on building relationships with customers, it creates values and searches for their needs and wishes. Therefore, it is necessary to define the following expressions:

Customer is a individual, group or organization, which will pay for the product or service in order to gain benefit. Customer should be therefore a point of interest for every company.

Value takes a lot of forms and cannot be clearly quantified, since the value is determined completely individually by customers (Jakubíková, 2008).

Need is perceived by people as a lack of basic physiological needs, as well as the lack higher needs (social, self-realization, solidarity). If this needs are not met, then the person tries to satisfy it.

Desires are the needs of individuals shaped by their personality.

Demand is an expression of desires of the individuals expressed in purchasing power (Kotler, 2007).

Financial success of the entire company often depends on the marketing capability, because without sufficient demand for products and services are other business parts such as finance, accounting without significance (Kotler, 2012).

2.2 Marketing environment

Marketing environment is very complex and variable place. It is a place where companies search for new opportunities and potential possibilities. Marketing environment includes all participants and forces affecting the abilities and skills of the company to develop and make successful transactions on their target markets (Foret et al., 2005).

We can divide marketing environment into two areas. Micro and macro environment. The first one (micro) is area which can be influenced by company, whereas the second (macro) contains areas which company cannot influence.

2.2.1 Macro environment of the company

Factors included in macro environment can not be affected, therefore these factors are set for the company and unchangeable in the short term. These factors brings the company various risks (Zamazalová, 2010).

Macro environment consists of six factors:

Demographic environment - managers monitors the size and the growth of the world population, its composition, geographic segmentation and density, migration of population, age, employment, level of education, birth and death rate, aging of population, ethnic, racial and religious structure (Foret et al., 2005)

Economic environment - among the economical factors belongs mainly the purchasing power of the market and the consumers and the factors that influence them. Wage growth, the amount of savings, consumption of population and consumer confidence in the economy (Zamazalová, 2010).

Natural environment - natural factors include climatic and geographic conditions, raw material resources, ecological issues such as water pollution, extraction of resources, environmental degradation and rising energy costs (Foret, 2012).

Technological environment - includes the pace of innovation, product life cycle, technological level of product facilities, the availability of the internet and communication connections, the level and availability of transport infrastructure (road infrastructure, air infrastructure, railway infrastructure etc.) (Foret, 2012).

Political environment - legal frameworks which influence the existence of business, markets, consumer protection and law enforcement in general. These factors influence behavior of companies the most. Attitude of the government towards businesses and markets, structure of government expenditures, structure of tax system and also level of corruption and economic safety is crucial. Wars, changes in political system or nationalization of property are another risks (Zmazalová, 2010).

Cultural factors - as a cultural factors are considered particularly language, ethnicity, education system, the way people spend their time, religions, social groups and stratification of population (Foret, 2012). As Zmazalová (2010) further adds, opinions and attitudes are divided into primary and secondary. Primary opinions and attitudes we get from our parents and these are consistent, whereas secondary are variable, depending on the environment in which we operate (friends, hobbies, employment, etc.). Companies has to adapt to the primary factors, while the secondary factors can be influenced for example seasonal goods.

Analysis of these factors should reveal to the company possible opportunities on the market, but also identify threats which could harm the business.

2.2.2 Micro environment of the company

Company can by its actions influence the micro environment, therefore we can state it is under company's control, at least largely. It comprise the closest subjects of the firm.

Company or business subject - internal micro environment is connected to the company from the point of view of its structure, organization, development and economic health. Work ethic, financial stability and cooperation among business units within the company can largely affect its performance, therefore the right synergy in company is necessary (Zmazalová, 2010).

Suppliers - are individuals or companies which provide necessary resources for the operations of the company. Inputs such as raw materials, materials, intermediate products, energy, labour etc. or services such as financial services, marketing services. Suppliers can also provide another resources for example machines, equipments, vehicles (Kozel et. al., 2011).

Distributors - are individuals or companies which helps the company with physical distribution and sales. They interact between producers and customers. We can place into this category storage and transport companies, dealers, retail traders and other individuals who are buying products in order to sell it further (Kozel et. al., 2011).

Customers - represents targeted market of the company. There are five types of markets: consumer market, business market, reseller markets, government market and international market (Foret et al., 2005).

Competitors - are usually distinctly affecting the supply, therefore company should ensure to make the best effort to be better than its competitors. Managers have to constantly monitor and analyze the behavior of competitors, estimate their strategy and make appropriate reactions (Zmazalová, 2010).

Public - includes individuals and companies which can influence the firm's objectives. Public may this ability, to achieve objectives, make easier or more difficult. Every company faces several public groups: financial publics, media publics, government publics, local publics, general public and internal publics (Foret et al., 2005).

In order to evaluate the level and quality of micro environment, analysis of strengths and weaknesses is used.

2.3 Marketing mix

Marketing mix is considered as traditional marketing tool in the marketing business management. It represent a summary of the basic elements of marketing, which are used by enterprises to achieve their marketing goals. Among essential elements of marketing mix belongs: **product, place (distribution), price and promotion**. These elements are often called **four P's** or **4P**.



Figure 1: Marketing mix (Learnmarketing.net, 2015)

All these elements should be viewed as one unit and structured to support each other, otherwise company's marketing strategy can be confusing and uncoordinated. All of these elements are affecting targeted market and its objective is to induce the consumer for buying their product or service.

2.3.1 Product

A product is an item that is produced to satisfy the needs of a certain groups of people. The product can be intangible or tangible as it can be in the form of services or goods. Customer evaluate the characteristics of the product, its quality and provided services.

Companies should do a comprehensive marketing research of the targeted markets, in order to be sure that there exists a sufficient customer demand. A product has four life cycle phases: introduction, the growth phase, the maturity phase and the sales decline phase. Companies should keep reinventing their products to incite more demand once it reaches the last cycle phase (Marketingmix.co.uk, 2015)

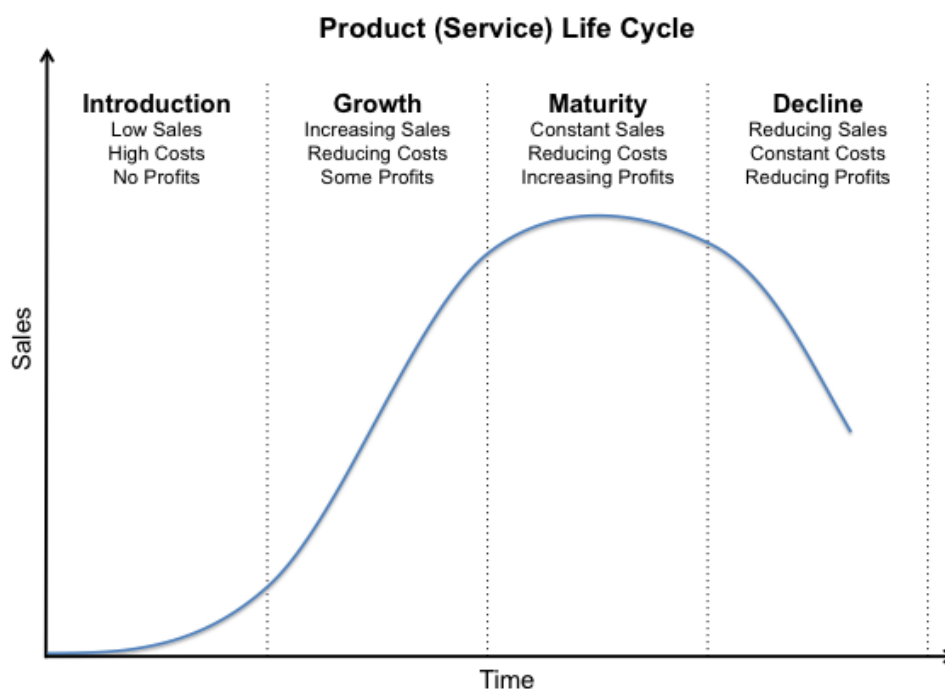


Figure 2: Product (Service) life cycle curve (Businesssetfree.com, 2013)

2.3.2 Price

Price represents the amount of money required for the product. It expresses the actual value of the product or service on the market and at the same time is the only element from the marketing mix which brings profit for the company, whereas all the other elements represents company's costs.

Lot of marketing pricing strategies exists but all of them must cover at least company's costs. Pricing strategies should be based on the marketing strategy, price analysis of

competitors, the perception of price by customer and then choose a price that covers all the costs and at the same time bring profits.

Company can use pricing tools to handle the price, usually they do this through various forms of discounts, benefits or through installment selling, etc. Frequent use of pricing tools does not contribute to strengthening the company's market position and brand image (Pelsmacker et al., 2003).

Enterprises should pay enough attention to the pricing policy, because the pricing strategy has major impact not just on the future market share, turnover, profit, image of the enterprise, but also on decision-making process of the customer (Foret et al., 2005).

2.3.3 Place (distribution)

Place defines where and how is the product sold, availability of the product and distribution. Distribution can be defined as a movement of products or services from the manufacturer to the end user. Required goods and services must be provided at the right place, at the right time and at the right quality and quantity.

The flow of goods and services to the customer is realized through distribution channels. Channels are set of independent organizations (intermediaries) involved in making the product available to end-users. The aim of these distribution channels is to overcome time, place and ownership barriers, which stands between products or services and those who desire to own them.

Distribution channels:

- **Direct distribution channel** - manufacturers are in direct contact with the end-users. A level zero channel has no intermediaries (direct marketing).
- **Indirect distribution channel** - between the manufacturer and end-user enters intermediaries (merchants, retailers, wholesalers, agents, brokers, etc.). A level one channel has a single intermediary. A level two has two intermediaries and so on.

Distribution strategies:

- **Intensive distribution** - is used usually for the good of daily needs (food, drinks, magazines, etc.). Products are stocked in the majority of stores.

- **Exclusive distribution** - Vendor will get exclusive rights for selling specific goods from the producer. Producer usually select only very few intermediaries. This strategy is typical for luxury goods.
- **Selective distribution** - Producers selects only small number of intermediaries to sell their products. This strategy allows to have better market coverage, but on the other hand provides better control over the product than in case of intensive distribution (Foret et al. 2005).

For the company is essential to choose the right distribution strategy considering the character of the product or services, which will lead to cost reduction and satisfaction of customer's needs.

2.3.4 Promotion

Promotion is any kind of activity, which increases the awareness of a product or a service and raises the interest. Nevertheless, simple attention or recognition of the product is just not enough, important is to persuade consumers to act - buy the product. The main objective is therefore to encourage customers to purchase. Promotion is a very important component of marketing mix as it can enhance the brand image and boost the sales (Foret et al. 2005).

Some authors also adds to classic 4P model another three P's. This model is known as 7P and is used when the relevant product is a service, not merely physical good. **People**, **process** and **physical evidence** elements are added (Tracy, 2014).

2.3.5 People

People are an essential element for companies providing services, therefore recruiting and training the right staff is necessary to create a competitive advantage. Employees are important in marketing as they are the ones who represents the company and who deliver the services.

Customers make judgments about the service provision and delivery, thus staff needs appropriate interpersonal skills, service knowledge and capability (Learnmarketing.net, 2015).

2.3.6 Process

All systems and processes of the organization that affect the execution of the service. Services need to be underpinned by clearly defined and efficient processes, in order to minimize costs. This conditions will help to avoid confusion and promote service. With clearly defined systematic procedures, everybody knows what to do and how to do it, moreover it will help to run business effectively (Learnmarketing.net, 2015).

2.3.7 Physical evidence

Physical evidence refers to how a business and its services are perceived in the marketplace. This component of marketing mix can distinguish a company from its competitors, thus physical evidence acts as a differentiator. For example if you have to choose between two massage salons, you would rather pick the one with better conditions (**physical evidence**) to relax (environment, music, lights, etc.), this elements are affecting the price charged.

Physical evidence can also refer to employees of the company and to the way they are dressed and act in interaction with the customers. Moreover, it can refer to how is your office set up, corporate brochures and every other visual element about company (Learnmarketing.net, 2015).



Figure 3: The extended marketing mix (Learnmarketing.net, 2015)

2.4 Marketing communication

Marketing communication presents all kinds and means of communication with the market environment. The main objective is to inform consumers about the offer of goods and services, attract both potential and existing customers and carry out successful sale. It is really important that information flows in reasonable amount, because excessive quantity can cause the information noise and loss of customer interest (Vysekalová, 2006).

2.4.1 Communication process

It is a process of communication, transmission and exchange of information and other human activity. The aim of the communication process is to inform, persuade, influence decision-making processes of customers and receive a feedback. The essence of communication is to transfer a message between the sender and the receiver, who are the main subjects. Elements that represent the main communication functions or activities are encoding, decoding, response and feedback. Final element is the noise, which is represented by different factors which can cause the change of the form, content or understanding of the message (Kotler, 2007).

Sender of the message needs to have the clear idea, who will be the receiver and what reaction should this message cause, moreover he has to encode the message in the way, that the receiver will be able to decode it. It is necessary to use the proper message and media.

Errors and problems in communication, which can occur:

- sender has not clear idea what he wants to convey,
- receiver is not able to decode the message in the right way.

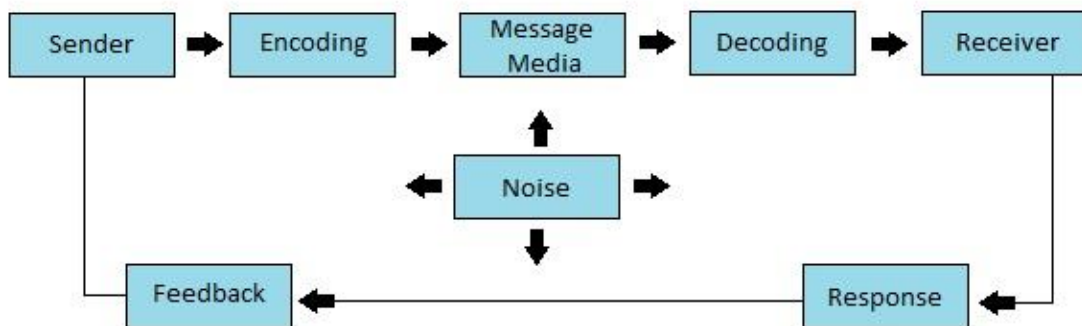


Figure 4: Elements of communication process (Kotler, 2004)

2.4.2 Attributes of message

Perception of message is strongly affected by its attributes and quality, but also by the behavior of the receiver and its willingness to perceive. Marketing message is considered as effective when it is received positively and cause a suitable reaction of the customer.

With the effectiveness is also connected the **AIDA model**, which identifies cognitive stages an individual goes through during the buying process for a product or services (Hanlon, 2015).

AIDA model consists of four stages and none of them cannot be missed:

Awareness - creating brand awareness or affiliation with your product or service,

Interest - next step is to maintain interest in the product or service to keep the recipients engaged,

Desire - in this stage the objective is to show how the product or service can solve the problems of customers. By explaining the features and benefits of the product or service and demonstration of how the benefits fulfill the needs, we want to move the consumer from "liking" it to "wanting" it,

Action - the final stage is the purchase action and the ideal situation is the satisfied customer, which can make recurring purchases in the future (Hanlon, 2015).

THE AIDA MODEL

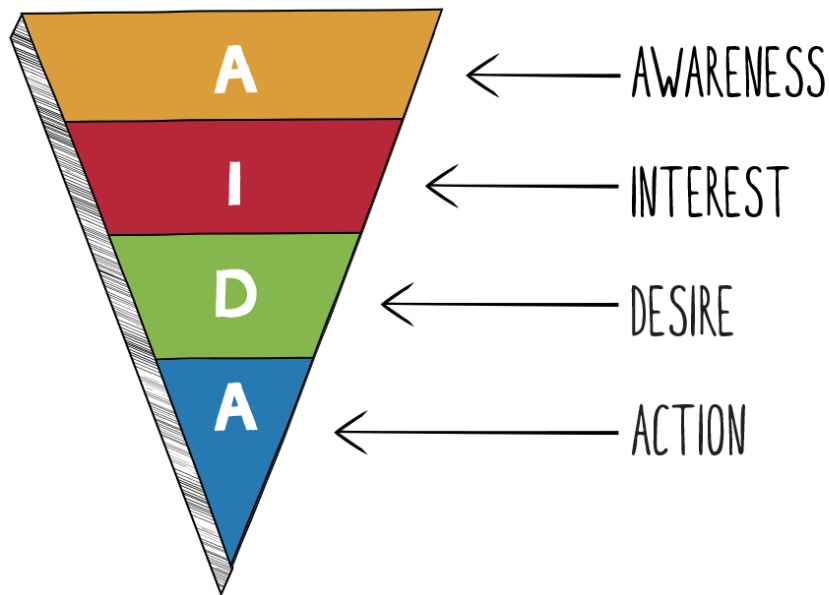


Figure 5: The AIDA model (Hanlon, 2015)

2.4.3 Objectives of marketing communication

Objectives of marketing communication are based on marketing strategic objectives and aim to consolidate good market position. The objectives may include:

- provide information,
- product differentiation,
- an increase in demand,
- stabilization of turnover,
- to put emphasis on benefits and value of the products or services.

Currently a large portion of the activities is aimed to the provision of information to potential customers. Customers are usually informed about the company, its products, services, attributes of the products, price and places where are these products offered for sale.

The primary objective is the **increase in demand**. Successful promotion can change the demand for the product or service.

Another important objective is the **differentiation of the product**, which is how our product differ from the competitive one. In this context we distinguish homogenous and differentiated demand. In the case of homogenous demand, customer perceives products to be identical regardless of manufacturer. On the other hand there is a differentiated demand, which is characterized by greater freedom in marketing strategy, mainly in pricing policy.

Among other objectives we can classify **stabilization of turnover** and **emphasis of benefits and value of the products and services**. Turnover is not constant through the year and usually is changing. Changes of sales are affected by several factors such as seasonal goods, irregular demand and cyclicalities, therefore the aim is to stabilize these deviations. Promotion can emphasize the benefits and value of the product, by this manner can set higher market prices (Hesková, 2001).

2.4.4 Marketing communication strategy

Communication strategy is based on the overall character of the marketing strategy. Marketing strategies can be roughly divided into two separate camps: **Pull** and **Push** strategy.

2.4.5 Pull marketing strategies

A pull strategy uses advertising to build up customer demand for a product or service, so that retailers are forced into stocking manufacturer's product. Consumer demand pulls product from the producer through distribution channel. For the pull strategy is usually used advertising, sales promotion or discounts (Magloff, 2015).

2.4.6 Push marketing strategies

The manufacturer focuses their marketing effort on promoting their products to the next subject in the distribution chain (retailer or wholesaler), to convince them to stock their products. This strategy can be used through business to business selling, representation at trade shows or mail shots to the distribution chain (Learnmarketing.net, 2015).

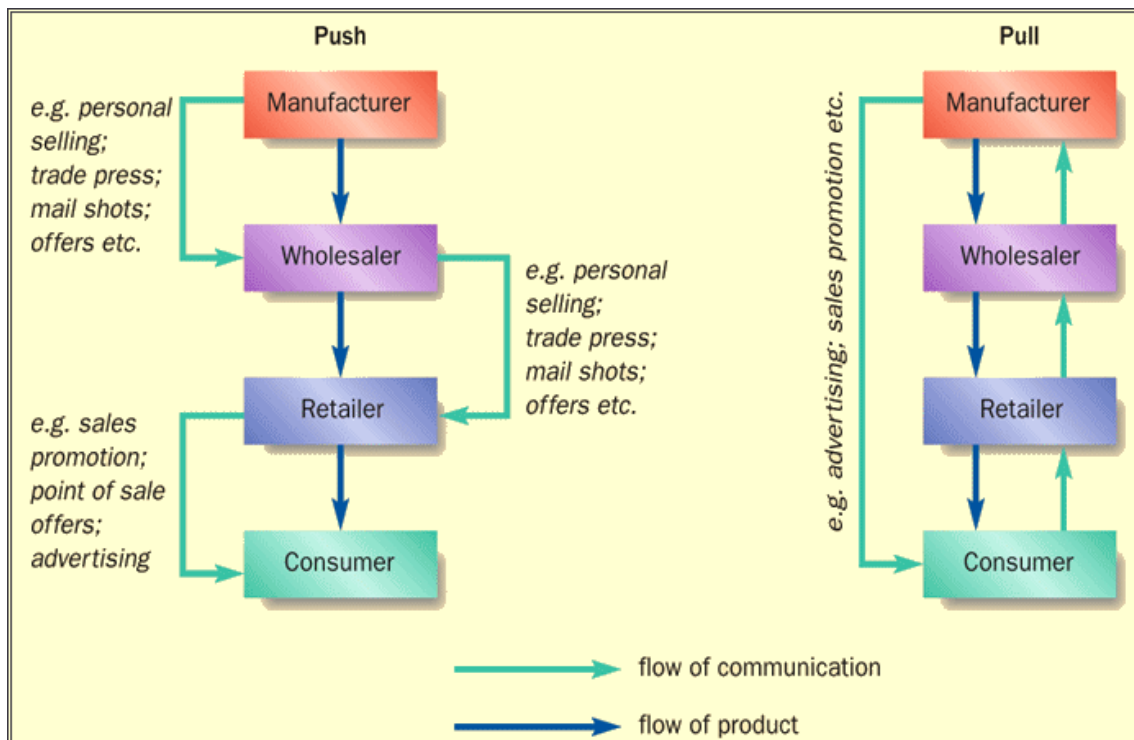


Figure 6: Push and Pull strategies (Staffs.ac.uk, 2015)

Successful communication strategy should always have both elements of push and pull promotional methods. When selecting communication strategy an important role plays the character of the product, product cycle stage and available marketing resources. It is clear that for the consumer goods will be chosen different form of promotion (advertising) than for another type of product such as financial (personal selling). Focus and intensity of communication is also changing through the product life cycle (Learnmarketng.com, 2015).

2.5 Traditional marketing tools of communications mix

Traditional marketing communication tools can be divided into two groups: **personal communications** (face to face communication, phone, e-mail, web pages etc.) and **impersonal communications** (newspapers, magazines, radio, TV etc.). Both of these methods should be combined in order to achieve successful response from the customers.



Figure 7: Marketing communications tools (Cadden and Lueder, 2015)

Among traditional communication tools we can classify:

- **Advertising**
- **Sales promotion**
- **Events and experiences**
- **PR (public relation) or publicity,**
- **Direct marketing**
- **Sponsorship**
- **Personal selling**

2.5.1 Advertising

Advertising can be defined as paid form of non-personal promotion, which aims to create awareness about the product or company by the targeted audience. Objectives of advertising are to retain current customers and attract new possible ones, especially those who do not prefer any products or use products and services from the competitors. Disadvantages of advertisements are high financial costs, impersonality and one-way

communication with customers. According objectives which we want to achieve through advertising, we divide advertising into three categories:

- **Informative advertising** - objective is to create initial interest or demand for good, service or organization.
- **Persuasive advertising** - objective is to increase the demand for an existing good, service or organization. The idea is to persuade a targeted audience to switch the brands, buy their product and develop customer loyalty.
- **Reminder advertising** - is used to reinforce previous promotional information about the product, service or organization. It keeps targeted audience interested in. (Kotler and Keller, 2012)

Advertising media:

- Television advertising
- Radio advertising
- Newspapers (print)
- Magazines (print)
- Cinema
- Outdoor media (billboards, posters, signs etc.)

2.5.2 Sales promotion

Sales promotion aims on communication activities which helps to increase sales in the short-term and at the same time are making product offers more attractive. Objectives of sales promotion are to motivate customer for a purchase, persuade customers to repeat the purchases and to increase brand loyalty. A characteristic feature is a time limitation of the promotion, which is usually implemented in the specific pre-announced period.

Forms of sales promotion:

- **Consumer sales promotions** - sales promotions are targeted directly at the consumers, staff etc.
- **Trade sales promotions** - promotions targeted at distribution channel members (retailers and wholesalers) (Kotler and Keller, 2012).

Sales and promotion activities:

- Discount coupons, price deals
- Loyalty clubs
- Membership coupons
- Incentives, samples
- Specially designed deals
- Rebates
- Contests, games

2.5.3 Events and experiences

Activities and events funded by companies that should ensure interaction between customer and brand. These activities include sport events, art events, festivals, etc. Aim of these events is to provide greater experience for potential customers. People will link their pleasant feelings with the brand name and this will lead to strengthening corporate image.

Nevertheless, this form of communication is very expensive and therefore company should pay attention on choosing the right event, which represents their long-term marketing goals and strategies (Kotler and Keller, 2012).

2.5.4 Public relation (PR)

Public relation (PR) or publicity is an impersonal activity of communication mix and is considered as very effective. PR activities are often considered more effective than any advertising campaign, nevertheless companies are usually unaware of this fact and spend more money for advertising than to publicity.

The main objectives are to create and strengthen company's good name, continuous improvements in overall corporate image, create and influence positive relationships with public, which is achieved through various PR activities (Foret, 2012).

Public relation activities:

- Corporate communication
- Relationships with staff

- Sponsoring
- Press releases, newsletter
- Magazine and newspaper articles carried by a third party in an indirect way
- Corporate anniversary parties
- Social media

2.5.5 Direct marketing

Basic tool of direct marketing is customer database, where are stored information about customers. This tool enables direct marketing to communicate directly with specifically chosen end-users. The aim is to build stable relationship with customers and receive instant feedback.

Control through direct marketing is a huge advantage as the feedback of customers can be directly assigned to specific part of marketing activities. Another significant advantage is the possibility of testing, where managers can easily change any of variables such as price, timing, lists of customers, etc. and monitor the response (Foret, 2012).

Direct marketing tools:

- E-mail
- Catalogues, brochures
- Promotional letters
- Telemarketing, teleshopping
- TV, radio and printed advertisements with direct feedback

2.5.6 Sponsorship

Sponsorship can be defined as a form of marketing in which a company provides funding of events or programs in exchange for opportunity to publicly present their name, brand or advertisement. Basically it is based on service and return service, which helps to fulfill marketing objectives.

Sponsorship is usually included in sports events, entertainment events, non-profit or community events (Kotler and Keller, 2012).

2.5.7 Personal selling

Personal selling is an interactive marketing process that involves a buyer and seller. The interaction between the two parties usually occurs in a face-to-face manner, but can be accomplished by telephone or via another technology. The aim of the interaction is to persuade a customer to purchase the product or service. Through personal selling, a company can increase loyalty and create personal long-lasting relationships with their targeted customers.

Nevertheless, personal selling has, in comparison with other communication tools, higher costs; moreover, it is quite hard for the company to have direct control over their salesmen. Therefore, it is necessary to have highly qualified sales staff with appropriate product and services overview (Foret, 2012).

Main tasks of personal selling:

- Identifying and classification of potential customers
- Preparation and planning of sales
- Interaction with customers
- Realization of sales
- Customer care

2.6 New trends in marketing communication

Companies are constantly searching for new ways of how to attract possible customers. This situation leads to development of an old and creation of new marketing communication techniques.

2.6.1 Guerrilla marketing

Unconventional marketing campaign whose purpose is to have maximal effect with minimum resources. It is about taking the customer by surprise, making a huge impression and creating a social buzz. Guerrilla marketing campaigns aim to grip the customer at a more personal and memorable level. Activities of guerrilla marketing are done usually on the streets and other public places, such as parks, malls to attract wider audience. Sometimes these activities border with crime.

Guerrilla marketing tactic:

1. Strike at unexpected place
2. Focus on the precisely-selected targets
3. Immediately pullback (Frey, 2011).

2.6.2 Viral marketing

Is a type of marketing technique that relies on and encourages people to pass along a marketing message by word-of-mouth. Viral marketing online uses blogs and social network to create brand awareness. This technique is easy, quick and has minimal costs. Disadvantage is a tough control over ongoing campaign. Viral marketing is often divided into passive and active form.

Passive form of viral marketing - the advertising and services offers are being automatically spread when using a service.

Active form of viral marketing - the user must actively spread the message, therefore he has to be motivated to do that.

Viral marketing campaign has three important parts:

- Content - creative idea and its form
- Application - use of the content through web pages, social media, etc.
- Evaluation - assessment of effectiveness (Frey, 2011).

2.6.3 Mobile marketing

Mobile marketing is marketing on or with a mobile device, such as cell phone. In other ways can be also described as "*the use of the mobile medium as a means of marketing communication*" or "*distribution of any kind of promotional or advertising messages to customers through wireless networks*" (Mashable.com, 2015).

2.6.4 Digital marketing

Digital marketing can be characterized as a term, which includes not just on-line communication via the internet, but also all kinds of marketing communication which use a digital technology. Part of digital marketing are therefore on-line marketing,

mobile marketing and social media. This area of marketing is dynamically developing, because of internet connection access growth.

The main attributes of the internet according Frey (2011) are: targeting, interactivity and longer effect. Targeting options are relatively large and can reach to single person. On-line marketing can effectively help to strengthen the brand and also enhance the targeting through various tools:

- Banners
- Micro-pages and games
- Viral campaigns
- On-line PR
- SEM (Search Engine Marketing)
- Affiliate marketing
- E-mail campaigns

Part of a digital marketing are also social media which serves as a cost-effective communication channel for promoting brands to target audience. The most famous social networks are: **Facebook** - one of the biggest online social networks with 1.44 billion monthly active users. Enables their users to share pictures, videos, data, information etc. with other people. **YouTube** - internet website for sharing audiovisual files, **LikedIn** - business social network used for professional networking. **Twitter** - on-line social network services that enables users to send and read short messages called "tweets" (Frey, 2011).

2.6.5 Product placement

It is an innovative promotional form which appeals on the viewing audience. Can be characterized as a intentional and paid placement of the product into audiovisual work with intentions of promotion. Product placement is based on the effect of connection of the product with the famous actors. Products are usually shown in positive context, for example they are shown as a daily part of a movie hero's life (Frey, 2011).

2.7 Environmental analysis

Environmental business analysis can be characterized as a systematic process by which can company identify environmental factors in business, evaluate their impact and choose the appropriate strategy in order to weaken their effect or take advantage of them. (O'Farrell, 2015).

2.7.1 External analysis

External environment of the company consists of factors that take place outside of the company and are harder to predict and control. These factors represents a greater threat for the company as they are unpredictable and unchangeable in a short-term. Applying external analysis can company find their potential threats and opportunities. (Mckinney, 2015).

SLEPT analysis

This analysis consists of five basic factors which affects the company. Each letter represents one factor: **Social, legal, economic, political** and **technological**.

Social factors represents the demographic and cultural aspects of the company's market. Including demographics, population growth rates, age distribution, level of education, distribution of wealth and social classes, living conditions and lifestyle.

Economic factors represents the wider economy that can play a role in a company's success, so may include economic growth rates, interest rates, exchange rates, the inflation rate. These factors may be different from country to country. Nevertheless, we can also add levels of employment and unemployment, cost of raw materials (energy, petrol and steel).

Political and Legal factors mainly refers to the stability of the political environment and how the government intervenes in the economy. Another factors that must be considered include tax policy, copyright and property law enforcement, trade regulations, tariffs, employment law, consumer law, health and safety regulations.

Technological factors include technological advancement, government spending on technological research and development, automation, rate of technological change,

availability of internet connection. Technological factors should also include materials development and new methods of manufacture, distribution and logistics (Arline, 2014).

Porter's five forces analysis

Porter's five forces model is a powerful tool for the company as it helps to understand necessary elements in the targeted industry environment. Every company may know who are their competitors, what is their strategy, weaknesses and strengths. These five forces determine the competitive intensity and therefore attractiveness of an industry.



Figure 8: Porter's competitive forces (Author's own image)

Supplier power - company evaluates how powerful are suppliers in terms of determining prices. This is driven by the uniqueness of their product or services, switching cost from one supplier to another, number of suppliers, etc. The more company needs suppliers' products or services and the fewer the suppliers are on the market, the more bargaining power they have.

Buyer power - evaluation of how easy can buyers drive down the prices. It is again driven by the number of buyers, their importance for the business, their switching cost to competition, etc. The buyer power is high if the buyer has many alternatives.

Competitive rivalry - is determined by the companies within the industry. The level of rivalry depends on the number of the companies, market share, profits, size of the companies, level of advertising expense and so on.

Threat of substitution - with the rising level of substitutive products, the power of company is weakened as customers have other possibilities and can replace our products for the one of competitors.

Threat of new entry - perspective markets with high returns can attract new competition. This forces determines how easy (or not) it is to enter a particular industry. When are the barriers for entry high, the threat is lower and vice versa (Maktelow, 2015).

2.7.2 Internal analysis

The aim of internal analysis is to review and evaluate current state of business and lay down its strength and weaknesses.

SWOT analysis

Is a useful technique for understanding and evaluation company's strengths, weaknesses, opportunities and threats. In business context, the SWOT analysis enables organization to identify both internal and external influences. The aim is to help company to get full awareness of all the factors, positive and negative, that may affect strategic planning and decision-making (Goodrich, 2015).

It is crucial for the company to make the right steps and strategic decisions, that will enable them to get maximum value of the company's strengths and opportunities, and on the other hand to overcome or minimize the effects of weaknesses and threats.



Figure 9: SWOT analysis (Thirstt.com, 2015)

3. Analysis of the company

This chapter contains classified information and thus is not available for the public version of the thesis.

4. Propose of the communication strategy

This chapter contains classified information and thus is not available for the public version of the thesis.

Conclusion

The main objective of this Master's thesis was to propose the improvements in communication strategy of selected company on the basis of carried analysis of company's micro and macro environment together with analysis of current state of communication mix.

In the first part of this work, I took a focus on theoretical background of marketing in order to outline the basic concepts and strategies. The most attention has been paid to particular tools of communication mix.

The second, analytical part was dedicated to the introduction of chosen company and its characteristics of the scope of business. Further, macro environmental analysis were conducted to identify the market conditions, whereas micro environmental analysis were used to describe competitiveness of the industry. Next important thing was to analyze the current state of communication strategy and its tools. The findings from executed analyzes were identified and visualized in the SWOT matrix.

On the basis of undertaken analysis in the second part, I came to findings that the current state of communication mix of the chosen company is on high level. Nevertheless, I decided to suggest several proposals in order to improve this state of communication strategy. Despite the high communication mix quality, few shortcomings were detected. Company did not fully use the potential of direct marketing, mainly because of insufficient size of customer database. Therefore, my suggestions were to acquire new data through purchase of contact database, which will help to increase the reach of communication and increase the brand awareness. Proposed billboard campaign will strengthen and lift company's profile in area of Jeseník, moreover it will help to enhance the relationships with its customers and eliminate the threat of insufficient workforce. Online marketing proposals will help to increase the awareness of the company in the construction sector.

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